

House File 565 - Introduced

HOUSE FILE 565
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HF 446)

A BILL FOR

1 An Act relating to public school funding by authorizing
2 the establishment of school district flexibility funds
3 and authorizing the transfer and expenditure of certain
4 unexpended and unobligated funds.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 256C.4, subsection 1, paragraph e, Code
2 2017, is amended to read as follows:

3 e. Preschool foundation aid funding shall not be used for
4 the costs of constructing a facility in connection with an
5 approved local program. Preschool foundation aid funding may
6 be used by approved local programs and community providers
7 for professional development for preschool teachers, for
8 instructional equipment, for material and equipment designed
9 to develop pupils' large and small motor skills, and for other
10 direct costs. Preschool foundation aid funding may be used
11 by approved local programs for the costs of transportation
12 involving children participating in the preschool program.
13 The costs of transporting other children associated with
14 the preschool program or transported as provided in section
15 256C.3, subsection 3, paragraph "h", may be prorated by the
16 school district. Preschool foundation aid funding received by
17 an approved local program that ~~remain~~ remains unexpended ~~or~~
18 and unobligated at the end of a fiscal year beginning on or
19 after July 1, 2017, shall be used to build the approved local
20 program's preschool program capacity in the next succeeding
21 fiscal year excluding that portion of such unexpended and
22 unobligated funding that the school district authorizes for
23 transfer for deposit in the school district's flexibility fund
24 established under section 298A.16.

25 Sec. 2. Section 257.10, subsection 10, paragraph d, Code
26 2017, is amended to read as follows:

27 d. The use of the funds calculated under this subsection
28 and any amount designated for professional development purposes
29 from the school district's flexibility fund under section
30 298A.16 shall comply with the requirements of chapter 284. If
31 all professional development requirements of chapter 284 are
32 met and funds received under this subsection remain unexpended
33 and unobligated by the teacher quality committee under section
34 284.4, subsection 1, paragraph "c", at the end of a fiscal year
35 beginning on or after July 1, 2017, the school district may

1 transfer all or a portion of such unexpended and unobligated
2 funds for deposit in the school district's flexibility fund
3 established under section 298A.16.

4 Sec. 3. Section 257.41, subsection 1, Code 2017, is amended
5 to read as follows:

6 1. *Budget.* The budget of an approved program for at-risk
7 students, secondary students who attend alternative programs
8 or alternative schools, or returning dropouts and dropout
9 prevention for a school district, after subtracting funds
10 received under [section 257.11, subsection 4](#), paragraphs "a"
11 through "c", and from other sources for that purpose, including
12 any previous carryover or amount designated from the school
13 district's flexibility fund under section 298A.16, shall be
14 funded annually on a basis of one-fourth or more from the
15 district cost of the school district and up to three-fourths
16 through establishment of a modified supplemental amount.
17 Annually, the department of management shall establish a
18 modified supplemental amount for each such school district
19 equal to the difference between the approved budget for the
20 program for that district and the sum of the amount funded from
21 the district cost of the school district plus funds received
22 under [section 257.11, subsection 4](#), and from other sources
23 for that purpose, including any previous carryover or amount
24 designated from the school district's flexibility fund under
25 section 298A.16.

26 Sec. 4. Section 257.41, Code 2017, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 5. Unless otherwise provided by law, all
29 or a portion of the moneys received by a school district from
30 any source for use in at-risk pupils' programs, alternative
31 programs and alternative school programs, and returning dropout
32 and dropout prevention programs, that remain unexpended and
33 unobligated at the end of a budget year beginning on or after
34 July 1, 2017, may be transferred for deposit in the school
35 district's flexibility fund established under section 298A.16.

1 Sec. 5. Section 257.46, subsection 1, Code 2017, is amended
2 to read as follows:

3 1. The budget of an approved gifted and talented children
4 program for a school district, after subtracting funds
5 received from other sources for that purpose, including any
6 amount designated from the school district's flexibility fund
7 under section 298A.16, shall be funded annually on a basis
8 of one-fourth or more from the district cost of the school
9 district.

10 Sec. 6. Section 284.6, subsection 9, Code 2017, is amended
11 to read as follows:

12 9. Moneys received pursuant to section 257.10, subsection
13 10, or **section 257.37A, subsection 2**, shall be maintained
14 as a separate listing within a school district's or area
15 education agency's budget for funds received and expenditures
16 made pursuant to **this subsection**. A school district shall
17 certify to the department of education how the school
18 district allocated the funds and that moneys received under
19 this subsection were used to supplement, not supplant, the
20 professional development opportunities the school district
21 would otherwise make available. For budget years beginning
22 on or after July 1, 2017, all or a portion of the moneys
23 received pursuant to section 257.10, subsection 10, that remain
24 unexpended and unobligated at the end of a fiscal year may,
25 pursuant to section 257.10, subsection 10, paragraph "d", be
26 transferred for deposit in the school district's flexibility
27 fund established under section 298A.16.

28 Sec. 7. **NEW SECTION.** **298A.16 School district flexibility**
29 **fund.**

30 1. A flexibility fund shall be established in each school
31 corporation if the school corporation has authorized the
32 transfer of all or a portion of the unexpended and unobligated
33 funds from any of the following sources:

34 a. An approved local program under the statewide preschool
35 program for four-year-old children under chapter 256C.

1 *b.* Professional development funds received under section
2 257.10, subsection 10.

3 *c.* The home school assistance program under section 299A.12.

4 *d.* At-risk pupils programs, alternative programs and
5 alternative school programs, and returning dropout and dropout
6 prevention programs under section 257.40.

7 2. In addition to the transfers to the flexibility fund
8 authorized by law, a school district may transfer to the
9 flexibility fund all or a portion of any unexpended and
10 unobligated moneys in any other school district fund if the
11 program, purpose, or requirements for the expenditure of such
12 moneys have been repealed or are no longer in effect.

13 3. Moneys deposited in the flexibility fund may be used
14 by the school district during a budget year beginning in
15 the calendar year following the calendar year in which the
16 moneys were transferred to the flexibility fund for any of the
17 following:

18 *a.* Start-up costs for an approved local program under the
19 statewide preschool program for four-year-old children under
20 chapter 256C.

21 *b.* Professional development requirements under chapter 284.

22 *c.* The home school assistance program under section 299A.12.

23 *d.* At-risk pupils programs, alternative programs and
24 alternative school programs, and returning dropout and dropout
25 prevention programs under section 257.40.

26 *e.* Gifted and talented children programs under section
27 257.46.

28 *f.* Any school district general fund purpose.

29 4. Expenditures from the flexibility fund shall be
30 approved by resolution of the board of directors of the school
31 corporation and shall be included in the budget certified in
32 accordance with chapter 24. Before the board of directors may
33 adopt the resolution approving expenditures from the fund, the
34 board shall hold a public hearing on the proposed resolution.
35 The proposed resolution must state the original source and

1 purpose of the funds, the proposed use of such funds, the
2 amount of the proposed expenditure, and the fiscal year from
3 which the transfer of such funds to the flexibility fund
4 occurred. The board shall publish notice of the time and the
5 place of the public hearing in the same manner as required in
6 section 24.9. The department of education shall prescribe the
7 form for public hearing notices. Within ten days following
8 adoption, a copy of the resolution shall be provided to the
9 auditor of state for inclusion in any audit performed under
10 chapter 11.

11 5. a. When exercising authority to carry out an agency
12 action, as defined in section 17A.2, or to perform an activity
13 or make a decision specified in section 17A.2, subsection
14 11, paragraphs "a" through "l", if applicable, related to the
15 provisions of this section, the department of education, the
16 director of the department of education, and the state board
17 of education shall carry out, perform, or make such agency
18 action, activity, or decision in a manner that gives deference
19 to decisions of school districts' boards of directors, promotes
20 flexibility for school districts, and minimizes intrusions into
21 school district operations and decision making by boards of
22 directors.

23 b. (1) In addition to paragraph "a", the department of
24 education, the director of the department of education, and
25 the state board of education shall not issue guidance related
26 to the provisions of this section, that is inconsistent with
27 any statute, rule, or other legal authority or that imposes
28 any legally binding obligations or duties upon any person
29 unless such legally binding obligations or duties are required
30 or reasonably implied by any statute, rule, or other legal
31 authority. Guidance issued in violation of this paragraph "b"
32 shall not be deemed to be legally binding.

33 (2) For the purposes of this paragraph "b", "guidance" means
34 a document or statement issued by the department of education,
35 the director of the department of education, or the state

1 board of education that purports to interpret a law, a rule,
2 or other legal authority and is designed to provide advice
3 or direction to a person regarding the implementation of or
4 compliance with the law, the rule, or the other legal authority
5 being interpreted. "Guidance" does not include any action,
6 activity, or decision governed by paragraph "a", a document or
7 statement required by federal law or a court, or a document or
8 statement issued in the course of a contested case proceeding,
9 an administrative proceeding, or a judicial proceeding to which
10 the department, the state board, or the director is a party.

11 Sec. 8. Section 299A.12, subsection 1, Code 2017, is amended
12 to read as follows:

13 1. The board of directors of a school district shall expend
14 moneys received pursuant to [section 257.6, subsection 1](#),
15 [paragraph "a", subparagraph \(5\), and amounts designated from](#)
16 [the school district's flexibility fund under section 298A.16](#)
17 for purposes of providing a home school assistance program.

18 Sec. 9. Section 299A.12, subsection 2, unnumbered paragraph
19 1, Code 2017, is amended to read as follows:

20 Purposes for which a school district may expend funds
21 received pursuant to [section 257.6, subsection 1](#), paragraph
22 "a", subparagraph (5), [or amounts designated from the school](#)
23 [district's flexibility fund under section 298A.16](#) shall include
24 but not be limited to the following:

25 Sec. 10. Section 299A.12, subsection 2, paragraphs c and d,
26 Code 2017, are amended to read as follows:

27 c. Salary and benefits for the supervising teacher of
28 the home school assistance program students. If the teacher
29 is a part-time home school assistance program teacher and a
30 part-time regular classroom teacher, funds received pursuant to
31 [section 257.6, subsection 1, paragraph "a", subparagraph \(5\),](#)
32 [or amounts designated from the school district's flexibility](#)
33 [fund under section 298A.16](#) may be used only for the portion of
34 time in which the teacher is a home school assistance program
35 teacher.

1 d. Salary and benefits for clerical and office staff of
2 the home school assistance program. If the staff members are
3 shared with other programs or functions within the district,
4 funds received pursuant to section 257.6, subsection 1,
5 paragraph "a", subparagraph (5), or amounts designated from the
6 school district's flexibility fund under section 298A.16 shall
7 only be expended for the portion of time spent providing the
8 home school assistance program services.

9 Sec. 11. Section 299A.12, subsection 3, unnumbered
10 paragraph 1, Code 2017, is amended to read as follows:

11 Purposes for which a school district shall not expend funds
12 received pursuant to section 257.6, subsection 1, paragraph
13 "a", subparagraph (5), or amounts designated from the school
14 district's flexibility fund under section 298A.16 include but
15 are not limited to the following:

16 Sec. 12. Section 299A.12, Code 2017, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 4. Unless otherwise prohibited by law,
19 all or a portion of the moneys received by a school district
20 pursuant to section 257.6, subsection 1, paragraph "a",
21 subparagraph (5), that remain unexpended and unobligated at the
22 end of a budget year beginning on or after July 1, 2017, may be
23 transferred for deposit in the school district's flexibility
24 fund established under section 298A.16.

25 EXPLANATION

26 The inclusion of this explanation does not constitute agreement with
27 the explanation's substance by the members of the general assembly.

28 This bill relates to public school funding by authorizing
29 the establishment of school district flexibility funds and
30 authorizing the transfer and expenditure of certain unexpended
31 and unobligated funds of the school district.

32 The bill requires a flexibility fund to be established
33 in each school corporation if the school corporation has
34 authorized the transfer of all or a portion of unexpended or
35 unobligated funds from the school district's preschool program

1 under Code chapter 256C, professional development supplement
2 categorical funding, home school assistance program, at-risk
3 pupils program, alternative programs, returning dropout and
4 dropout prevention programs, or from certain professional
5 development funds.

6 The bill also provides that a school district may transfer
7 to the flexibility fund any unexpended and unobligated moneys
8 in any other school district fund if the program, purpose, or
9 requirements for expenditure of such moneys have been repealed
10 or are no longer in effect.

11 The bill provides that moneys deposited in the flexibility
12 fund may be used by the school district during a budget year
13 beginning in the calendar year following the calendar year in
14 which the moneys were deposited in the flexibility fund for
15 start-up costs for the school district's preschool program,
16 professional development costs, as specified in the bill, home
17 school assistance program, at-risk pupils program, alternative
18 programs, returning dropout and dropout prevention programs,
19 gifted and talented children program, or any school district
20 general fund purpose.

21 Expenditures from the flexibility fund are required to be
22 approved by resolution of the school board following a public
23 hearing and must be included in the school district's certified
24 budget.

25 The bill provides that when exercising authority to carry
26 out an agency action or to perform an activity or make a
27 decision related to the provisions of the bill establishing
28 authority for school district flexibility funds, the department
29 of education, the director of the department of education,
30 and the state board of education shall carry out, perform, or
31 make such agency action, activity, or decision in a manner
32 that gives deference to decisions of school districts' boards
33 of directors, promotes flexibility for school districts,
34 and minimizes intrusions into school district operations
35 and decision making by boards of directors. The bill also

1 provides that the department of education, the director of the
2 department of education, and the state board of education shall
3 not issue guidance that is inconsistent with any statute, rule,
4 or other legal authority or that imposes any legally binding
5 obligations or duties upon any person unless such legally
6 binding obligations or duties are required or reasonably
7 implied by any statute, rule, or other legal authority.
8 Guidance issued in violation of the bill shall not be deemed
9 to be legally binding.

10 The bill makes corresponding changes to the provisions
11 of law governing preschool programs under Code chapter 256C,
12 professional development supplement categorical funding,
13 home school assistance programs, at-risk pupils programs,
14 alternative programs, and returning dropout and dropout
15 prevention programs to authorize the transfer of unexpended and
16 unobligated funds from those programs to the flexibility fund
17 and to authorize the expenditure of moneys from the flexibility
18 fund for those purposes authorized in the bill.